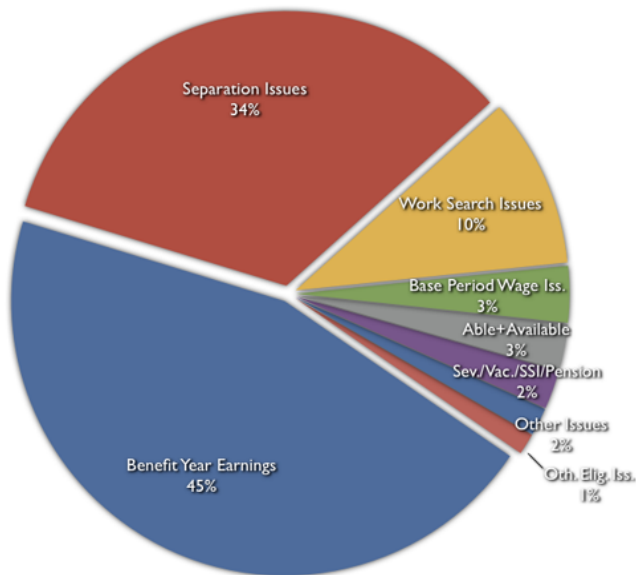


North Carolina

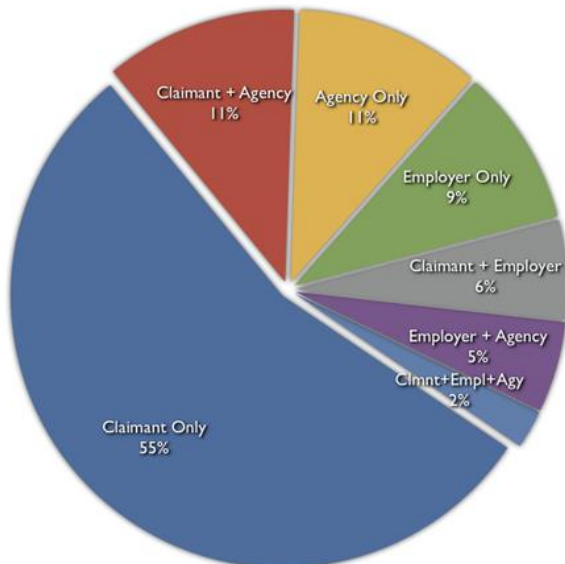
IPIA Improper Payment Rate: 8.86%
3 Year Total Overpayments: \$555,700,025

Chart 1: Causes of Improper Payments



Root Cause	Percentage of Overall Improper Payments
Benefit Year Earnings	45%
Separation Issues	34%
Work Search Issues	10%
Base Period Wage Issues	3%
Able and Available	3%
Sev./Vac./SSI/Pension	2%
Other Issues	2%
Other Eligible Issues	1%

Chart 2: Responsibility for Overpayments



Root Cause	Percentage of Total Dollars Overpaid
Claimant Only	55%
Claimant and Agency	11%
Agency Only	11%
Employer Only	9%
Claimant and Employer	6%
Employer and Agency	5%
Claimant, Employee, and Agency	2%

Implementation of UI Improper Payment Strategies State Status Update — Quarter 3, 2011			
State	Core Strategy	Implementation Plan in Place	Status
North Carolina	Cross-Functional Task Force	✓	●
	SOSP / Strategic Plan Development	✓	●
	NDNH Standard Operating Procedures	✓	●
	SIDES	✓	○
	Claimant Messaging	✓	●
	Employer Messaging	✓	●
	ES Registration*	✗	
	Implementation of Performance Measures	✓	●
	State-Specific Strategies	✓	○
	Treasury Offset Program Implementation**	✓	○

Key:	
●	Complete
○	On Track
○	Not on Track
✓	Yes
✗	No

* For FY 2011 activities, Employment Service registration is not a core strategy for states with an error rate below 3% (based on Jan-Dec 2010 data).

** For FY 2011, TOP implementation was not a core activity required of states.

IPIA 3-year data [07/01/2008 — 06/30/2011]

ST	Amount Paid	Annual Report Rate*	Oper. Rate	Fraud Rate	Under Payment Rate	Improper Payment Rate	Improper Payment Rate (a + b)
US	\$181,140,689,396	10.44%	5.68%	2.51%	0.62%	11.05%	\$20,022,636,062
NC	\$6,274,552,218	8.51%	5.34%	2.40%	0.35%	8.86%	\$555,700,025

State	Cause	Percent of Dollars Paid	Percent of Dollars OP	Estimated Amount
NC	Benefit Year Earnings	3.84%	45.14%	\$241,004,556
	Separation Issues	2.87%	33.69%	\$179,886,717
	Work Search Issues	0.85%	9.99%	\$53,358,084
	Base Period Wage Iss.	0.28%	3.32%	\$17,724,853
	Able+Available	0.23%	2.69%	\$14,354,748
	Sev./Vac./SSI/Pension	0.19%	2.28%	\$12,157,433
	Other Issues	0.14%	1.64%	\$8,732,801
	Other Eligibility Iss.	0.11%	1.25%	\$6,656,661
	Dependents Issues	0.00%	0.00%	\$0
	ES Registration	0.00%	0.00%	\$0

State	Cause	Percent of Dollars Paid	Percent of Dollars OP	Estimated Amount
US	Benefit Year Earnings	3.00%	28.80%	\$5,441,952,875
	Separation Issues	2.05%	19.68%	\$3,717,876,300
	Work Search Issues	1.92%	18.39%	\$3,474,338,719
	ES Registration	1.26%	12.11%	\$2,287,608,293
	Base Period Wage Iss.	0.60%	5.73%	\$1,083,197,439
	Able+Available	0.56%	5.36%	\$1,013,457,482
	Other Eligibility Iss.	0.39%	3.75%	\$709,244,274
	Other Issues	0.33%	3.14%	\$592,701,501
	Sev./Vac./SSI/Pension	0.25%	2.41%	\$455,881,073
	Dependents Issues	0.07%	0.64%	\$120,135,365